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THE OMNIPOTENCE OF SILVER.

C.C. Goodwin

The silver question has been much discussed. Most eminent men have engaged in the discussions. The general ideas for and against the use of silver are well known. But, over all, the fact that silver must be recognized as money grows more pronounced continually. If it is not, the business of the world will be obstructed, even as a railroad train is by hot boxes. Following that obstruction will come a situation in which the producers of the world will toil without reward; very soon the creditor class will possess the property; the great masses of workers will degenerate to peons, or, in irresistible fury arise, and, through the horrors of revolution, first create chaos and then trust to bring out of that chaos a new creation, in which some of the present wrongs shall find adjustment.

Why do I think so?

There are several reasons. Between 1873 and 1888 we saw silver, as compared with gold, fall 33 per cent. What was the result?

The country fell 33 per cent.

Does any one doubt that statement? Let us see. It is not denied that when silver and gold were on an equal basis of 16 to 1 of gold, silver was the more precious metal. It is not denied that money, to be respected by a people, must have the full respect, confidence and indorsement of the sovereign government that issues it.

Our Government withdrew its indorsement from silver and by solemn act of Congress reduced it from its immemorial place as money, relegating it to the position of merchandise. Naturally its status, as compared with gold, was degraded. The two metals began to draw apart.

But how did the dishonor cast upon silver effect it as a measure of values?

Not in the slightest degree. Its purchasing power remained precisely the same through all its fall, as compared with gold. An ounce of it in the rough bar in 1884 or 1886, or in any other year between 1873, when it was demonetized, up to 1890 would purchase just as much of the products of the soil or factory as in 1873, when it com-

manded a premium over gold. As the products of the soil fell in value so did the soil itself in the same ratio.

Hence, I say the country fell 33 per cent. If any one doubts the foregoing he has but to search the files of any prominent newspaper to obtain confirmation of the sinister fact.

In 1873 the average price of silver for the whole year, as given by the *Chicago Tribune*, was \$1.27 per ounce in that city. In the same year wheat averaged \$1.08 $\frac{3}{4}$ per bushel; corn, 65 cents; butter, 28 cents per pound; pork, \$18.25 per barrel; coal, \$9.50 per ton. In the same year, in New Orleans, "good ordinary" cotton averaged 13 $\frac{1}{2}$ cents, as reckoned by the *Times-Democrat*. In 1885 silver had fallen to one dollar per ounce, and, by the same authorities, wheat had fallen to 83 $\frac{3}{4}$, corn to 51 $\frac{1}{4}$, butter to 20, pork to \$10.50, coal to \$5.50, and cotton to 8 $\frac{1}{4}$.

The above tells the whole story in language so pitiless that it must be a dull brain that cannot comprehend its fearful significance. I took 1885 at random. The same is true every year, except where crops were destroyed in this country or Europe.

It does not answer the foregoing to assert that the only people anxious for silver restoration are silver miners or their attorneys or slaves, or that there is no higher purpose behind the demand for justice for silver than to pay debts in short-weight dollars.

Making gold the only measure of values causes short-weight pounds, short-weight bushels, short-weight acres. They are all just as much short-weight as is the white dollar.

In the light of that fact I say silver must be restored or chaos will come.

But some assert that the fall in prices was due to over production, increased and cheaper transportation and improved implements. That will not answer. If only a few articles had been affected that argument might have been urged, but no combination of blessings or curses could have caused an uniform fall in the prices of all the great staples.

Then, the land from which crops are gathered fell in the same ratio over all the beautiful region between the Atlantic and the Mississippi, though, in the meantime, the population of the country increased more than forty per cent. I believe, too, that investigation would prove that the mortgages on the farms over all that region of the East increased as much as the farms fell in value.

When men angrily charge that the whole object of remonetizing silver is to benefit silver miners some kind friend should caution them not to be hasty and explain to them that of all the ordinary industrial occupations, except gold mining, silver mining can, with the least loss, bear the demonetization of the white metal.

Silver mines are expensive affairs—so expensive that long ago the working of them fixed the value of silver. The fathers when they launched our Government upon the world made the silver dollar of $412\frac{1}{2}$ standard grains the unit of value. The reason was because behind all that the dollar is also the unit of labor. That is, the estimate was, as established by the experiences of ages, that it required a dollar's worth of labor to produce $412\frac{1}{2}$ grains of standard silver.

How pitiful, then, seems the flippant assertion that, notwithstanding the disgrace and dishonor cast upon silver by our Government, its fall, as compared with gold, was due solely to the operation of the natural law of demand and supply, ignoring wholly the fact that for ages the chief use of silver has been for money.

But to work a silver mine requires much labor and no end of supplies. These were all cheapened by the decline in silver. Then gold and silver sleep in the same matrix in the vein and the gold has advanced as much as silver has fallen. Indeed, as shown above, the purchasing power of silver has not been lessened in the least, hence the truth is, it is not at a discount; but gold has been so inflated in purchasing power that measuring prices by it the profits of the farmers—of all the great producing classes—have all been taken away.

The farmer in 1873 made only a fair profit through his capital and labor. What, then, was left him under the prices of 1885, as copied above? The reason the Farmer's Alliance Clubs so unanimously petitioned Congress last winter and spring to remonetize silver was because they had finally learned the serious fact that their bushel of wheat and their bale of cotton were just as much short weight as the silver dollar was.

Not many people realize what a fall of 33 per cent. means to the debt-payer.

Suppose a farmer owes one hundred dollars and wheat is one dollar per bushel, it is clear that with one hundred bushels of wheat he can go out and buy the one hundred dollars to pay his debt. Sup-

pose the wheat falls 33 per cent., is it not clear that he will have to sell one hundred and fifty bushels to buy the gold to pay the debt. Farmers did not clear 50 per cent. in the old days. Is it not clear, then, that when their crops fall 33 per cent. in value and 50 per cent. in debt-paying power, there was nothing for them to do but go to the wall?

There is much said about the hard times being due to the contraction of the money of the country. On the other hand, the gold standard advocates point to the fact that money is plenty and the rates of interest unprecedentedly low to those who can give security for it. Both sides are right.

In 1873 most farmers were in debt and paying interest. But there was a great deal of money in circulation among the people, and the farmer was able to pay his expenses, his interest, and to have something over to apply upon the principal of the debt.

But in that year the fall in the prices of their products began, and that fall just about averaged two per cent. per annum up to 1890. If they cleared 12 per cent. in 1873, which is above the average, is it not clear that by 1879 there was no more profit for their labor? Of course, the mortgages had not been paid, so it is certain that all that they produced above a bare living gravitated directly to the strong boxes of the interest-gatherers. The effect in five years was that the money, which before was in general circulation, had all gone over to the creditor class. That class did not dare invest it in ordinary business, because it requires a brave operator to buy on a steadily falling market. Hence, interest fell as much as prices had fallen; vast amounts were piled up in the cities; very little was left in the country. To boom cities became a favorite business, for booms feed on themselves until their limit is reached.

While the population of the country increased by twenty million souls, all the fair agricultural region between the Atlantic and Mississippi River barely held its own. It seems to me that a fact so potent and sinister as that should have arrested the attention and filled with anxiety the thoughtful men of this Nation. It should have been a notice served upon the Nation that something was so wrong in the business of the Nation that, unless arrested, there would be results that would set all former calculations at naught.

A few men in the West have been warning the great political parties for the past five years that if justice was not speedily done to

silver it would not be long until the people, recoiling before their intolerable sufferings, would arise and in a frenzy hurl the party in power into the dust. Further, that some time in the near future, in the Autumn, just when the great crops were being moved, there would be such demand for money and such congestion in money centers that one or two or half a dozen houses supposed to be sound would topple and fall, and then a panic would follow, the waves of which, beginning at the shore of the Atlantic, would roll West and never cease until the higher altitude or the eastern slope of the Rocky Mountains should be reached.

Certainly there was a smashing of the party in power this year; certainly there has been so near an approach to a general panic that business men from the East coast to beyond the Missouri River have not slept very soundly for four months past. It has been most interesting to us in the West to hear the explanations on both sides to account for the political cyclone. One side has charged it altogether to the effect of the McKinley bill. The other side has in vain explained that the McKinley bill did not take effect until a month prior to election, and that it prejudiced the result no further than the falsehoods of the opposition were effective.

None of them seems to have ever heard of the answer of the old fisherman on the Chesapeake, when a friend said to him in a presidential election year, "You will, of course, vote the old ticket this year?" "I guess not," was the reply. "The fish do not bite well this year; it is time, I believe, for a change of administration." The fish were not biting last year.

The pressure was on when the silver legislation was under consideration. Had Congress taken the view that because of silver demonetization there had been a shrinkage of values of 30 per cent.; that because of that shrinkage the debt-paying capacity of tens of thousands of people had been practically destroyed; that the restoration of silver to real money would restore those lost values and make possible the beginning of the payment of long-standing debts and legislated accordingly, whether the result of the election would have been different or not, certainly the business situation would have been infinitely improved. As it was, the work was only half done. By the act extending and increasing the monthly purchases of silver the Government in effect said: "We still distrust silver, still withhold from it our unlimited confidence, but we are willing to extend the market for silver a little."

The effect of the law was a rapid rise then, because a little silver in excess of the monthly purchases was offered a speedy decline followed ; when it is clear that could the Secretary but have purchased all that was offered in a fortnight more silver would have been at par and the owners of silver bullion would have held it to be as good as gold and their anxiety to sell would have ceased. As it was, the products of the country and the lands of the Eastern States advanced as swiftly as silver did, and for a few days at least all the depression ceased. The decline was a mighty disappointment to the friends of silver, and was all the more bitter from the knowledge that all that stood in the way of the full restoration of the white metal was a sum not equal to 10 cents *per capita* for the people of our country.

It seems to me we should use our own products. If it is true that prices follow the price of silver it seems to me that to give the men who with their capital and work are trying to live—the farmers and manufacturers—a fair return for their efforts, we must absorb our own silver product and, more, must in some way cause a parity between the yellow metal and the white.

I know that this at once raises the cry that its effect would be to place our country on a silver standard and drive away the gold. Would it?

If Secretary Windom was right in his statistics in his report a year ago, then there was no material stock of bullion on hand anywhere. The nations of Europe had provided by law to keep their stock of subsidiary silver from decreasing, and the nations outside of our own annually absorbed more silver than their mines produced.

Mr. Windom's exact figures were as follows :

Annual product (coining value)	<u>\$142,000,000</u>
Disposition :	
Required in India	\$35,000,000
Coinage of full legal silver of Austria and Japan	10,000,000
Required for subsidiary coinage of Europe, South America and colonial coinage	16,000,000
Annual exports to China, Asia and Africa (not India)	10,000,000
Annual coinage of Mexican dollars	5,000,000
Used in art and manufactures	15,000,000
Surplus product	<u>51,000,000</u>
Total	\$142,000,000

If there is no mistake in the foregoing, then could our nation

accept all our product as fast as offered? I cannot see how it could be possible to prevent its advancing to a parity with gold in a few days. In that case it would then require several years for us to reach the same amount per capita that France handles continually, even if not one ounce of our product should be exported.

Certainly our people need more money in business than do a people that have developed every resource of their country—put every field under cultivation, open every mine, built every needed road, and factory and school-house.

If Congress would instruct the Secretary of the Treasury to purchase all the American silver offered, to pay for it as he is now paying for the monthly 4,500,000 ounces, his purchases would but a little exceed what he is now by law compelled to buy, and I believe that within a month the white and yellow metals would be at a parity.

That would have the effect to make the Latin Union, if not Great Britain and Germany, willing to make an international agreement regarding silver. If, now, the signs are worth anything, the West will, in the next ten years, yield more silver than in the 10 years preceding. The mines are now at their very height, but precious-metal mines wear out. As it is, all the silver and gold which all the mines produce make but a trifling sum on which to balance the trade of this on-sweeping world. They are but a drop compared with our own products.

Every dollar is needed. The condition of finances in the great centers show that fact plainly enough, and it is true that, given the same confidence and support by the nations of the earth that is given to gold and silver, is just as correct a measure of values.

The fact should be borne in mind by the most stubborn believers in a single standard that, while it was possible for Great Britain, Germany and the United States to combine and cast so much disgrace and doubt upon silver, prudent men learned after a little while to distrust the honesty of those who persisted in advocating the claims of silver, they could not, all combined, reduce the purchasing power of silver by a single penny.

When silver is at a discount everything that men produce and the land on which the world's food grows is at just the same discount that silver is. That it is possible to so inflate the purchasing power of gold that men in debt can never extricate themselves is true. But

silver cannot be disgraced in a way to cause it to loose one particle of its sovereign purchasing power.

Another thing. With falling prices civilization recedes. The prisons and asylums are rapidly filled up, the tone of society becomes lowered, and the accounts of unnatural and horrible crimes increase.

I have not the data, but I believe that the increase of patients in the lunatic asylums and convicts in the prisons of the State of New York have increased during the past sixteen years, allowing also for the increase of population, in just about the ratio that silver fell as compared with gold, or, say, 33 per cent. I judge merely from natural law, the correctness of which has been confirmed over and over again in the world's history.

Comfort and prosperity on a farm means sturdy men and glorified women. Incessant work without reward on a farm means a soured father, a care-broken mother, and children seeking the cities to live by their wits.

Through the war, with its war tariff, the farmers flourished, the rural population kept pace with the increase in the cities. With the demonetization the trouble began, and for the last ten years, though there has been an increase of probably fifteen millions of people, all the splendid country homes between the Atlantic and Mississippi have not been able to lure any increase of people to them.

Had not this state of affairs better be stopped? The men of the East should remember that the Far West was settled by their brothers; that with the love they have for the West they have lost no love for the East; they would not advocate anything that would build their region up at the expense of the East. The treasure they have sent East during the past forty years has been something so marvelous that it should be appreciated. What they ask now will be of as much more interest to the men of the East than to themselves, as the work of the East exceeds theirs. It will make the bushel of wheat and bale of cotton full weight. It will give to the eastern farmer and manufacturer some profit for their labor. The East needs it much more than does the West.

C. C. GOODWIN.

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